

QUONSET DEVELOPMENT CORPORATION
MEETING OF BOARD OF DIRECTORS

AUGUST 16, 2016

PUBLIC SESSION MINUTES

A meeting of the Board of Directors of the Quonset Development Corporation (the “Corporation”) was held at 5:00 p.m. on Tuesday, August 16, 2016, at the offices of the Corporation located at 95 Cripe Street, North Kingstown, Rhode Island, pursuant to notice to all members of the Board of Directors and a public notice of the meeting as required by the By-Laws of the Corporation and applicable Rhode Island Law.

The following members constituting a quorum were present and participated throughout the meeting as indicated: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay, Stefan Pryor and James Rugh. Absent were: Shannon E. Brawley and Guillaume de Ramel. Also present were: Steven J. King, P.E., Managing Director; John R. Pariseault, Secretary and Corporation’s staff and members of the public.

1. CALL TO ORDER:

The meeting was called to order at 5:01 p.m. by Chairman Pryor.

2. APPROVAL OF MINUTES:

Upon motion duly made by Mr. Rugh and seconded by Ms. Hueston, the Board:

VOTED: To approve the Public Session and Executive Session Minutes of the July 19, 2016 meeting as amended.

Voting in favor were: Guy Asadorian, Jr., Carol H. Hueston, Scot A. Jones, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

3. VOTE TO MAINTAIN MINUTES OF EXECUTIVE SESSION CLOSED:

Upon motion duly made by Mr. Jones and seconded by Ms. Hueston, the Board:

VOTED: Pursuant to Section 42-46-4 and 42-46-5 of the General Laws, the minutes of the Executive Session held on July 19, 2016 shall not be made available to the public at this or the next regularly scheduled meeting of the Corporation because such disclosure may

adversely impact ongoing negotiations or adversely affect the public interest.

Voting in favor were: Guy Asadorian, Jr., Carol H. Hueston, Scot A. Jones, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

Mr. Justo joined the meeting at 5:09 p.m. Ms. DeBlasio joined the meeting at 5:13 p.m.

4. STAFF REPORTS:

Mr. King reviewed the staff report with the Board of Directors.

5. COMMITTEE REPORTS:

The Executive Compensation Committee was held on August 4, 2016. The Committee will provide a report in Executive Session.

5. APPROVALS:

A. Approval of Land Lease and Lease Option with Finlay Extracts and Ingredients USA, Inc.:

Mr. King reviewed the proposed lease agreement with Finlay Extracts and Ingredients USA, Inc. ("Finlay"), noting that the Board had been briefed in great detail last month during executive session. The proposal was for a 50-year lease with Finlay to build two facilities in two phases. Phase 1 of the agreement would involve building a 28,790 SF facility on 3.25 acres of parcel 10B-1 that would act as Finlay's North American corporate office, research and development, and small scale manufacturing facility. Phase 1 would cost \$16 million to build and Finlay has projected employing approximately 25 people. Rent would commence in the second year of the lease, as is typical for this type of agreement, and would run \$10,040.51 per year then would ramp up in years 6-10, increasing 10% annually starting in year 11. Finlay's will have an option in years 1-5 to lease parcel 10B-2 and begin phase 2 which is a 65,000 SF building with projections by Finlay of employing an additional 48 persons. Finlay's will pay \$8,970.00 for this option in years 1-3; the option payment will increase in years 4 and 5. There is also the potential for a third phase on parcel 10B-2 comprising a 65,000 square foot addition to Phase 2, but there is no obligation on Finlay to construct Phase 3.

Finlay's will receive the standard rent incentive of 25% for a 50-year lease term and the standard wage incentive of .5% per paid wages. The Board of Directors of the RI Commerce Corporation has also voted to approve additional incentives including the RI Qualified Jobs

Incentive and the Rebuild RI Tax Credit.

Upon motion duly made by Mr. McKay and seconded by Ms. Hueston, the Board:

VOTED: The Corporation acting by and through its Chair, Vice-chair, Managing Director or Finance Director, each of them acting alone (the “Authorized Officers”) is hereby authorized to enter into, execute and deliver a land lease and lease option agreement with Finlay Extracts and Ingredients USA Inc. or its affiliates in accordance with the Request for Board Authorization presented to the Board (the land lease and lease option agreement and related documents are referred to herein collectively as the “Agreements”).

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of the Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any

and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the same and shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the executed and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

B. (1) Approval of an Amendment to the Intergovernmental Agreement for Wastewater Services between QDC and the Town of North Kingstown, (2) Approval of an Amendment to the PILOT

Agreement with the Town of North Kingstown and, (3) Approval of an Amendment to the Municipal Services Agreement with the Town of North Kingstown:

Mr. King began by noting the Town of North Kingstown (“Town”) has done a great job in assisting the Corporation in the development of the Quonset Business Park which generates tax revenues for the Town. Three 10- year agreements fostering this partnership between the Corporation and the Town, were signed into existence in 2010; the PILOT (Payment in Lieu of Taxes) Agreement, the Municipal Services Agreement, and the Intergovernmental Agreement for Wastewater Services (“IAWWS”). The PILOT Agreement established the rate for property taxes; the Municipal Services Agreement created a framework for maintenance of Town roads, common areas and infrastructure in the Park and established a formula for funding associated costs; and finally, the Intergovernmental Agreement for Wastewater Services instituted an arrangement for the Town to connect into the QDC Wastewater Treatment Facility. Under the IAWWS, the Town would fund any capital improvements needed to handle the Town’s additional 200,000 gallons per day (“gpd”) of wastewater flow which under the agreement would be funded by a 20-year promissory note to the Corporation. Mr. King noted the IAWWS was amended shortly after being executed to acknowledge the Town’s additional need of 628,000 gpd of wastewater flow (at full buildout) which was not ultimately determined until the Town finished their wastewater plan after the agreements were in place.

Mr. King stated the Town is currently working on their wastewater extension to Wickford Village. The RI Department of Environmental Management, after reviewing their plan, notified the Town that the Corporation's wastewater system will need additional upgrades not currently included in the IAWWS. RIDEM issues permits based the design on the projected condition and, at full build out in the Park and the Town, RIDEM did suggest additional upgrades to the collection system at the Quonset DS-55 pump station would be needed. The Town approached the Corporation about amending the agreement as a result of RIDEM's requirements. Mr. King provided more details on the specifics of the upgrades needed when the current system is at 80% capacity to the Board, including upgrading the DS-55 pump station, installing a diversion structure and constructing an 18" relief sewer main.

Mr. King indicated a decision was made to amend all the agreements to extend each for 10 more years from the date of the execution of the amendments. The Town has met with Mr. King several times and the North Kingstown Town Council voted to approve the amended agreements.

Upon motion duly made by Mr. Jones and seconded by Mr. Mancini, the Board:

VOTED: The Corporation acting by and through its Chair, Vice-chair,

Managing Director or Finance Director, each of them acting alone (the “Authorized Officers”) is hereby authorized to enter into, execute and deliver a First Amendment to Pilot Agreement with the Town of North Kingstown, a First Amendment to Municipal Services Agreement with the Town of Kingstown, and a Second Amendment to Intergovernmental Agreement for Wastewater Services with the Town of North Kingstown in accordance with the Request for Board Authorization presented to the Board (the amendments are referred to herein collectively as the “Agreements”).

VOTED: That each of the Authorized Officers, acting singularly and alone, be and each of them hereby is authorized, empowered and directed to effectuate the intent of the foregoing resolutions by executing, delivering and performing any and all modifications, renewals, confirmations and variations of the Agreements or as any of the Authorized Officers acting singularly and alone shall deem necessary, desirable and without further specific action by this Board, and empowered and directed to prepare or cause to be prepared and to execute, perform and deliver in the name and on behalf of the Corporation the Agreements and/or all related and ancillary agreements and documents in connection with the terms and conditions to be effectuated by the Agreements, including any and all agreements, contracts, certificates, licenses, assignments, and memorandums upon such terms and conditions and with such changes, additions, deletions, supplements and amendments thereto as the Authorized Officer executing or authorizing the use of the

same and shall determine to be necessary, desirable and appropriate and in the best interest of the Corporation.

VOTED: That in connection with any and/or all of the above resolutions, the taking of any action, the executed and delivery of any instrument, document or agreement by any of the Authorized Officers in connection with the implementation of any or all of the foregoing resolutions shall be conclusive of such Authorized Officer's determination that the same was necessary, desirable and appropriate and in the best interest of the Corporation.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Scot A. Jones, John Justo, Gregory A. Mancini and James Rugh.

Voting Against were: None.

Abstaining: Carol H. Hueston and Kerry P. McKay

Motion Passed.

6. PRESENTATION OF CORPORATE CAPITAL ASSETS PART IV:

Mr. King wrapped up the Quonset Business Park Infrastructure Assets review by presenting the last section on Buildings and Public Spaces.

7. MOTION TO ADJOURN TO EXECUTIVE SESSION:

Upon motion duly made by Mr. Rugh and seconded by Ms. DeBlasio, the Board:

VOTED: To adjourn to Executive Session pursuant to: subsection (1) discussions of the job performance, character, or physical or mental health of a person or persons provided that such person or persons affected shall have been notified in advance in writing and advised that they may require that the discussion be held at an open meeting; subsection (6) (location of prospective businesses in Rhode Island); subsection (7) a matter related to the question of the investment of public funds where the premature disclosure would adversely affect the public interest. Public funds shall include any investment plan or matter related thereto, including, but not limited to, state lottery plans for new promotions; and subsection (2) sessions pertaining to collective bargaining or litigation, or work sessions pertaining to collective bargaining or litigation of Rhode Island General Laws, Section 42-46-5(a), the Open Meeting Law.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

The meeting adjourned to Executive Session at 6:01 p.m. The meeting reconvened in Public Session at 6:55 p.m.

6. VOTE TO MAINTAIN MINUTES OF EXECUTIVE SESSION CLOSED:

Upon motion duly made by Ms. DeBlasio and seconded by Ms. Hueston, the Board:

VOTED: Pursuant to Section 42-46-4 and 42-46-5 of the General Laws, the minutes of the Executive Session shall not be made available to the public at the next regularly scheduled meeting of the Corporation because such disclosure may adversely impact ongoing negotiations or adversely affect the public interest.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

8. VOTE TO APPROVE COMPENSATION FOR THE MANAGING DIRECTOR:

The Executive Compensation Committee reviewed with the Board of Directors the job performance review conducted by the Committee for the Managing Director, Steven King and the materials and resources utilized by the Committee to complete its recommendations, including, the Self Performance Planning and Appraisal, Chief Executive Compensation Research and Recommendations Report dated July 2015 and Executive Compensation Assessor.

Upon motion duly made by Mr. Asadorian and seconded by Mr. Rugh, the Board:

VOTED: To endeavor to create a metric for analyzing and reviewing the performance of the managing director for the purpose of executive compensation determinations.

VOTED: To endeavor to develop and implement a business continuity plan for the corporation.

VOTED: That the Corporation accepts and approves the report of the Executive Compensation Committee regarding executive compensation given by the Committee in Executive Session.

VOTED: To approve a one and one half percent (1.5%) increase in base salary for the Managing Director equivalent to increases given to all employees of the Corporation and to approve an annual performance bonus for the Managing Director recognizing the several historical milestones reached at Quonset Business Park during the last year. The approved performance bonus amount is \$16,029.

Voting in favor were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

9. ADJOURNMENT:

Upon motion duly made by Mr. McKay and seconded by Ms. Hueston, the meeting adjourned at 6:58 p.m.

Voting in favor of adjourning were: Guy Asadorian, Jr., Susan Leach DeBlasio, Carol H. Hueston, Scot A. Jones, John Justo, Gregory A. Mancini, Kerry P. McKay and James Rugh.

Voting Against were: None.

Unanimously Approved.

Respectfully submitted:

By: _____

John R. Pariseault, Secretary